Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

January 9, 2008

Dear Commissioners:

Enclosed please find relevant information to the **Wednesday, January 16, 2008** Commission meeting. Minutes of the November 2007 meeting will be e-mailed for your review prior to the meeting. In addition, please be ready to discuss the 2008 Work Plan. A copy of the work plan is enclosed in your packet.

The meeting will be held in the Vern Riffe Center, 31st floor, South B&C, beginning at 10:00 a.m. If you haven't already done so, please contact Wende Jourdan to confirm your attendance. You may reach her at 614/728-9497 (telephone) or by e-mail at wende.jourdan@dot.state.oh.us.

We look forward to seeing you.

Sincerely,

Jolene M. Molitoris
Chair

enclosures

THE OHIO RAIL DEVELOPMENT COMMISSION

MEETING AGENDA
Wednesday, January 16, 2008
Vern Riffe Center for Government & the Arts
77 South High Street, 31st floor, Columbus, Ohio

CALL TO ORDER – Jolene M. Molitoris, Chairwoman

- Welcome
- Roll Call
- Approval of Minutes from November Meeting

PROJECTS FOR APPROVAL
Resolution 08-16: MGQ, Inc. – Lou Jannazo
Resolution 08-17: Case Farms – Lou Jannazo

PANHANDLE LONG TERM LEASE COMMITTEE REPORT:
Commissioner Tom McOwen, Committee Chairman

EXECUTIVE DIRECTOR REPORT: Matt Dietrich

FINANCE REPORT: Megan McClory

2008 WORKPLAN: Jolene Molitoris

NEW BUSINESS

PUBLIC COMMENT

ADJOURN

PROJECT BRIEFING:
MGQ ON-SITE RAIL EXPANSION LOAN

January 2, 2008

Rail Project Funding		Project Benefits
* ORDC Loan	$300,000	* MGQ On-Site Rail Logistics Improve
* MGQ Funding & In Kind	$208,543	* NS Local Rail Logistics Improve
		* MGQ Increases Business, 6 to 20 New Jobs
		* MGQ Increases Carloadings 750 to 4,000 Cars

INTRODUCTION: MGQ, Inc (Maple Grove Quarry) requests a $300,000 loan to help offset approximately $508,543 in costs needed to build 4,200 ft. of new on-site track, and associated turnouts, to improve rail efficiency and facilitate expanded limestone product and industrial mineral business. Staff recommends providing the full $300,000 loan with a 5 year term, 0% interest in year one, and interest equal to 2/3 of the Prime Rate (at time of approval, or at time of closing, whichever is lower) for the subsequent years. Collateral for the loan would be rail track and materials.

BACKGROUND:

MGQ Maple Grove Operations: MGQ is a limestone and industrial minerals company with operations in Maple Grove and Millersville, Ohio. At its Maple Grove quarry, MGQ mines high quality limestone. Much of the MGQ limestone is moved by conveyor to a Carmeuse lime plant located right next to the quarry. (The quarry was initially founded to serve the lime plant.) MGQ has expanded its business far beyond feeding the on site lime kilns. It produces large quantities of construction aggregate which it sends to northeast Ohio and western Pennsylvania. While this aggregate business, along with other related business, currently generates about 10,000 carloads of freight a year, MGQ is still not operating at full capacity for construction aggregate production. Other MGQ products include lime flux for steel making, agricultural lime, lime fines, and crushed porcelain products.

MGQ has been aggressively seeking new markets and new products. In the last two years MGQ has invested approximately $2.1 million in a "dried fines" plant which is used to produce sand sized lime. It has also invested nearly $5 million in upgrading its rail load out facility, its aggregate crushing plant, its kiln feed plant, renovating on site buildings, and acquiring adjacent land for new quarry operations.

MGQ Rail Service: MGQ is located at the junction of the Norfolk Southern (NS) Bellevue to Chicago "B" Line mainline and the Northern Ohio & Western (NOW) Tiffin to Woodville short line. The NOW provides a friendly connection to the CSX rail system. Although MGQ has access to both railroads, it has been exclusively using NS service. A map of the area is provided herein as Exhibit "A".

MGQ currently has just enough on site rail to hold one loaded 80 car unit train and 80 empty cars. However, when cars are being loaded, track space is needed to shuttle cars and switcher locomotives back and forth taking up valuable on site track space. Therefore, a train of empty cars cannot be brought into MGQ while loading operations are ongoing. Because of the large volume of outbound aggregate, MGQ is constantly loading trains.

This situation presents problems for both MGQ and NS. NS needs to find a place to put 80 empty cars if the empties arrive when MGQ is loading. NS generally must move the empties up to the Sandusky area and bring them back when the loaded train has moved out or is totally loaded and ready. This wastes crew time, incurs extra locomotive costs, and further congests an already congested area of NS operations, i.e. near its major classification yard at Bellevue. MGQ suffers from the current on site logistics because it may have to wait for a day or more to get empty cars when it is ready to load, decreasing its ability to move and sell aggregate.

PROJECT DESCRIPTION: The construction of 4,200 ft. of new track adjacent to the NS mainline and existing MGQ tracks would provide enough on site rail to enable MGQ to receive 80 empty cars while it is loading a unit train of aggregate. It would also open up on site track that could be used for shipping out other products, particularly glass sand in the short run, but a variety of products in the long run. The diagram in Exhibit "B" shows where the new track would be built. The breakdown of work to be performed and costs is provided herein in Exhibit "C". Total rail costs will be approximately $508,543.

WHY IS ORDC FUNDING NEEDED: MGQ has been very aggressively pursuing new projects putting a strain on its ability to finance this and other projects. ORDC Staff has been discussing a loan for the proposed rail project for over a year. Without ORDC financing, the rail project will be postponed.

PROJECT BENEFITS

- MGQ will be able to better utilize its excess capacity to sell more limestone.
- MGQ will expand its aggregate and glass sand production creating between 6 and 20 new jobs.
- New MGQ business will result in from 750 to 4,000 new carloads of aggregate, glass sand, and other business.
- NS congestion in the area will be reduced.

OTHER CONTRIBUTIONS: NS will provide a significant per car rebate which will help MGQ repay the ORDC loan. MGQ will cover all expenses to build the 4,200 ft. of track in excess of $300,000.

SPECIAL CONTINGENCIES: MGQ will acquire a switch locomotive with more horsepower than its current switch locomotive to augment or replace its current motive power as part of the rail expansion project.

RESOLUTION 08-16

RE: THE MGQ, INC. ON-SITE RAIL EXPANSION LOAN

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO MGQ, INC. UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to the MGQ, Inc. (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By_____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____ recused
Howard Wood for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ recused
Kimberly Gibson for Lt Gov Fisher	____	yes	____	no	____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ recused
Daniel Roberts	____	yes	____	no	____	absent	____	abstained	____ recused
James Hartung	____	yes	____	no	____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved_____ Other action _____
Motion denied_____ Date 1/16/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 1/16/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

A loan in an amount of up to Three Hundred Thousand Dollars ($300,000) (the "ORDC Loan") for the purpose of constructing approximately 4,200 ft. of new on-site track, and associated turnouts needed to serve the Company's limestone product and industrial mineral business (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in Liberty Township, Seneca County, Ohio. The ORDC Loan shall have a five year term, 0% interest in year one, and interest equal to 2/3 of the Prime Rate (at time of approval, or at time of closing, whichever is lower) for the subsequent years. Collateral for the loan shall be a senior lien on the Company's rail track and materials.

The ORDC Loan is subject to the following conditions:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

2. The Company shall execute and obtain such documents as are deemed necessary by the ORDC to evidence, close and secure the ORDC Loan.

PROJECT BRIEFING:
CASE FARMS FEED MILL OFF SITE RAIL

January 8, 2008

Project Costs		Project Benefits
* ORDC Grant	$200,000	* 20 New Jobs at Case Feed Mill
* Case, Local, & RR Funds	$100,000	* 200 New Jobs at Case Processing Plant
		* 350 to 1,300 Carloads Generated
		* 150 to 350 Acres Opened to Rail

INTRODUCTION: Case Farms LLC requests a $200,000 grant to help defray the costs of rebuilding 1,750 feet of an out of service lead track and building a new 800 foot long storage track along this out of service lead. These track improvements are needed before rail service to a new Case Farms feed mill in Massillon can begin.

BACKGROUND

Rail Related Industrial Development in Area: The Wheeling & Lake Erie Railway (W&LE) "Asylum Track" spur line (so named because it was used years ago to deliver supplies to an institution located on a now abandoned and torn out portion of the line) branches off the W&LE Brewster to Canton mainline. This spur has been instrumental in the economic development of the southern portion of Massillon through which it runs. The Asylum track acts as a lead track from which W&LE serves a variety of spur tracks including those to Sterilite, Polymer Packaging, Poly One, 84 Lumber, Land O' Lakes, People's Cartage, and National Lime and Stone. ORDC helped with some of this economic development by providing a $45,000 grant and $145,500 loan for the People's Cartage rail spur and a $200,000 grant for the Sterilite rail spur. The map included herein as Exhibit "A" shows the W&LE rail system in the Massillon area.

The northernmost 1,750 feet of the Asylum spur has been out of service for 37 years. The northern end of the line was abandoned as part of the project to build the four lane US 30 divided highway through Massillon and Canton. This track provides the western border of the Massillon Development Foundation's (MDF) Neocom I Industrial Park. The northern edge of the park is bordered by US 30. The Neocom park currently has about 175 acres of shovel ready property for development. In addition, MDF and local developers are in the process of acquiring about 200 acres of adjacent land. The satellite photograph included as Exhibit "B" shows the Neocom Industrial Park area as well as the rail which will be needed for the Case feed mill.

Case Farms: Case Farms LLC was established in 1986 in Ohio as a poultry processing company. It has since expanded to North Carolina. In Ohio, Case contracts out with local farmers in a 12 county area to raise chickens in small chicken houses, usually about 40,000 sq. ft. each. Case provides the chicks, the feed, and a program for raising the birds. Case currently employs 250 people at its Winesburg processing plant in Holmes County. This plant currently processes 375,000 chickens a week. Case sells its poultry products to a variety of businesses including restaurants, processed food producers, dog food producers, and other businesses in the food industry. Winesburg has no rail service so Case currently gets all of its feed, primarily soy and corn, in via trucks.

Case has been working with W&LE officials for several years on plans to build a feed mill central to its contract chicken growers, its hatchery, and its processing plant. Case would continue to buy local grain for truck delivery but recognizes that if its processing plant is to grow, grain must be procured from non-local sources. Rail delivery is needed to keep transportation costs down. Case has selected a 20 acre site in the Neocom Industrial Park for its feed mill operations. If Case gets one half of its feed stock in via rail, it will generate 1,300 new carloads of freight. Case will be making the following investments in Ohio expansion:

$9 Million	**Expansion of Winesburg Operations**
$13 Million	**Establishing a Feed Mill in Massillon**
$425,000	**2,500 ft. On Site Rail Spur at Feed Mill**

These investments will enable Case to increase its Winesburg chicken production to 800,000 birds a week.

PROJECT DESCRIPTION: To repair the 1,750 ft. out of service portion of the Asylum Lead track will require the total rebuilding of the track. The scope of work is as follows.

- Brush cutting up to 1,750 ft.
- Removing existing 1,750 ft. of Track.
- Clearing and Grubbing up to 1,750 ft. up to 30 feet from track centerline.
- Grading and ditching up to 1,750 ft. where track removed.
- Installing up to 1,750 ft of 304 sub-ballast.
- Building 1,750 ft. of new track including ballast, ties, and rail as well as related work.

The W&LE estimates this work will cost approximately $225,000.

In addition, an 800 ft. long new rail spur will be needed along the Asylum lead for car storage. Currently, some of the cars from 25 car unit trains of stone going into the National Lime facility at the end of the in service portion of the Asylum track are stored on the lead. This storage would block access to Case's new feed mill which would result in congestion and poor service to Case. The W&LE estimates the 800 ft. spur will cost approximately $75,000 making total off site rail project costs approximately $300,000. The MDF is procuring a detailed engineer's estimate for the project. The track work for both the 1,750 ft. Asylum lead reconstruction and the new 800 ft. spur will be bid out. The W&LE, Case Farms, or the Massillon Development Foundation will be responsible for track maintenance.

Case will provide the $200,000 in ORDC grant funds toward the estimated $300,000 total off site rail costs. The Ohio Department of Development is providing Case with a $50,000 Rapid Outreach grant which will also be used for the off site rail costs. In addition, Case will direct the money it will garner from its State Job Creation Tax Credit toward the off site rail project. Any remaining off site rail costs will be covered by Case, National Lime and Stone, the MDF, and/or the W&LE. It has not yet been determined who will pay for the remaining costs.

The new feed mill in Massillon and the Winesburg expansion will be operational by March, 2009. Therefore, off site rail needs to be built in the 2008 construction season.

WHY IS ORDC FUNDING NEEDED: ORDC funding is needed to get the off site rail portion of the project done as an incentive for Case Farms to go forward with its planned expansion and to continue to grow in Ohio.

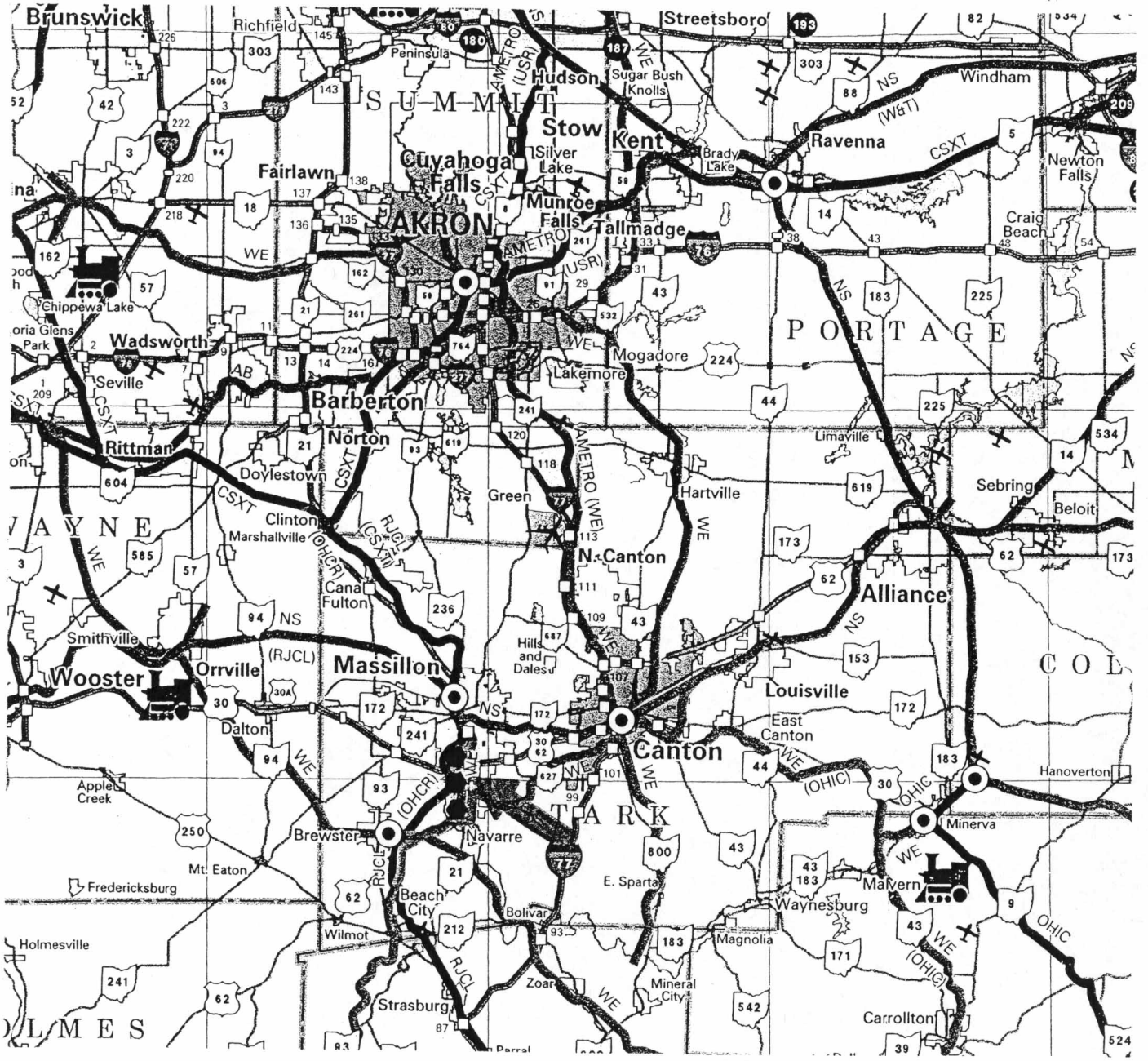
PROJECT BENEFITS:

- 20 new jobs at the feed mill.
- 200 new jobs at the Winesburg operations.
- 350 to 1,300 new carloads a year.
- 150 to 350 of shovel ready acreage opened up to future rail dependent development.
- Each rail carloads of inbound feed will keep from 3 to 6 trucks off Ohio roads.

OTHER CONTRIBUTIONS: 1) W&LE will provide cost effective, very long term rates; 2) MDF will provide a $75,000 discount for land purchase; and 3) the City of Massillon is providing tax abatement for the feed mill.

SPECIAL CONTINGENCIES: Staff recommends that Commissioners approve the full $200,000 grant on the following conditions: 1) the clawback provisions in the ORDC grant agreement reflect that Case must create *200 jobs and generate 350* rail cars per year within 3 years of project completion; 2) either Case, MFD, or W&LE provide ORDC a written commitment to be responsible for all off site rail maintenance; and 3) any gap in off site rail funding is filled. Staff recommends that until and unless these three conditions are met, no ORDC funds be encumbered for the rail project. Further, if these conditions are not met before April 15, 2008, ORDC will postpone any funding for the project until FY 2009 which begins July 1, 2008.

w:2007commissionbriefings,CaseFarms



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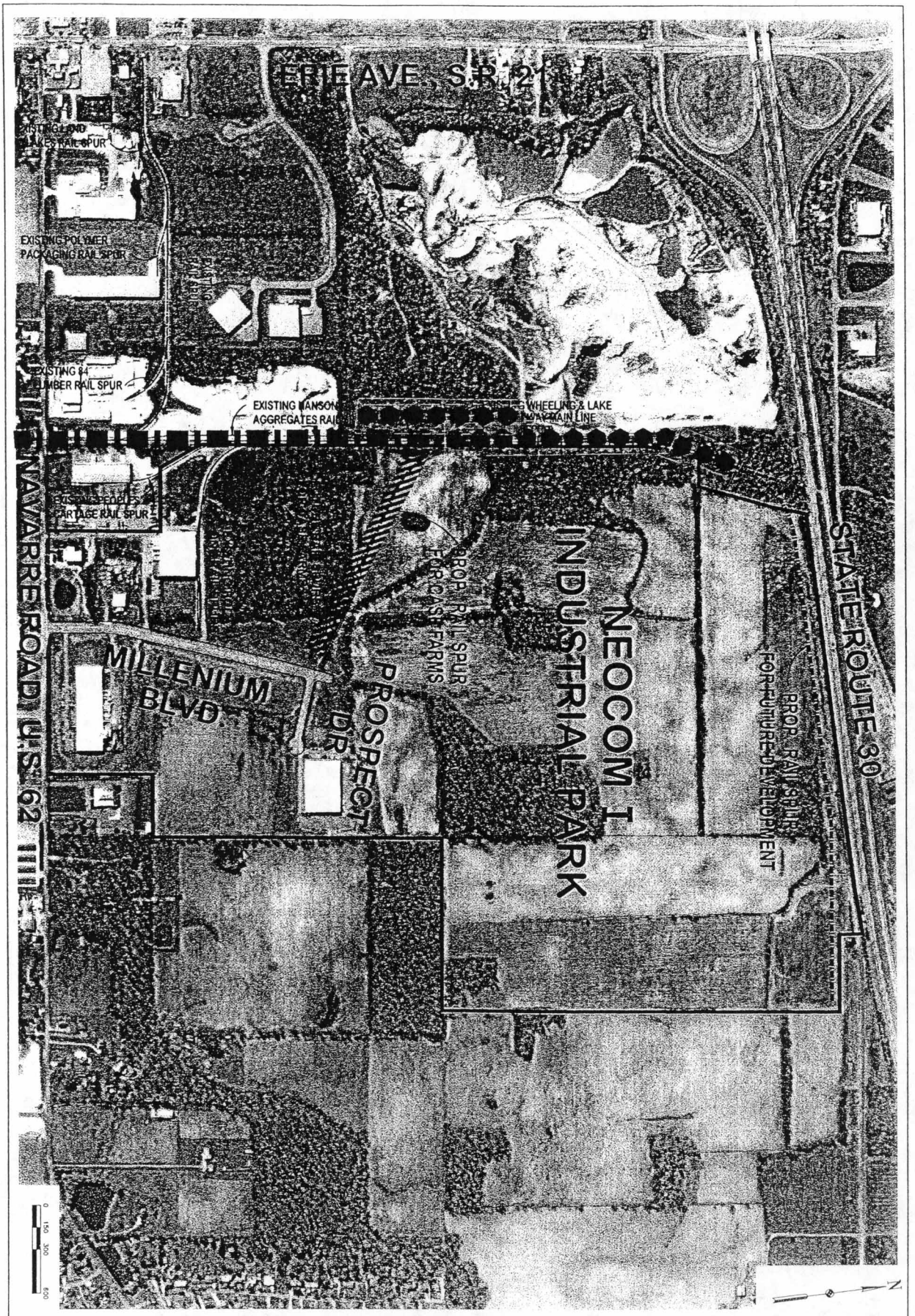
ERIE AVE., S.R. 21
EXISTING POLYMER PACKAGING RAIL SPUR
EXISTING 84 LUMBER RAIL SPUR
EXISTING MANSON AGGREGATES RAIL
WHEELING & LAKE ERIE MAIN LINE
EXISTING GEORGIA PACIFIC PORTAGE RAIL SPUR
NAVARRE ROAD (U.S. 62)
MILLENIUM BLVD.
PROSPECT DR.
PROP. RAIL SPUR FOR C&S FARMS
NEOCOM I INDUSTRIAL PARK
PROP. RAIL SPUR FOR FUTURE DEVELOPMENT
STATE ROUTE 30
0 150 300 600

RAIL SPUR DISPLAY MAP

NEOCOM I INDUSTRIAL PARK

FOR: MASSILLON DEVELOPMENT FOUNDATION

ALL OF O.L. 569 IN THE CITY OF MASSILLON, STARK COUNTY, OHIO

SCALES: HORIZ. 1"=300'

DESN. BY: DTM CHKD. BY: BHB

DRWN. BY: DTM RVWD. BY: BHB

F.B. ____ PAGE: ____

COPYRIGHT: 2007 DATE: 10/26/07

LAYOUT: DISPLAY MAP

REV. BY: ____ DATE: ____ DESC: ____

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RESOLUTION 08-17

RE: CASE FARMS, LLC ON SITE RAIL IMPROVEMENT GRANT

A RESOLUTION DETERMINING THE APPROPRIATENESS OF ASSISTANCE PROPOSED TO BE PROVIDED TO CASE FARMS, LLC UNDER CHAPTER 4981 OF THE OHIO REVISED CODE.

WHEREAS, this Commission as the Ohio Rail Development Commission ("ORDC") created by Chapter 4981 of the Ohio Revised Code, has the responsibility of reviewing and making recommendations to ORDC staff with respect to the assistance under Chapter 4981 of the Ohio Revised Code (the "Act") proposed to be provided; and

WHEREAS, the ORDC has under consideration the provision of assistance under the Act to Case Farms, LLC (the "Company"); and

WHEREAS, the ORDC staff has submitted to this ORDC a Request for Assistance submitted by the Company; the determination of the Executive Director of the ORDC and the facts upon which such determination is based, that the proposed assistance will conform to the requirements of the Act and the terms of the proposed assistance; and

WHEREAS, the ORDC has reviewed such submissions and discussed them with the Executive Director and staff of the ORDC the proposed assistance; and

WHEREAS, on the basis of such review and discussions, the ORDC has determined that the provision of assistance to the Company, as set forth in the ORDC staff's submissions, is appropriate.

NOW, THEREFORE, BE IT RESOLVED by the ORDC of the State of Ohio:

Section 1. That the ORDC determines that the assistance proposed to be provided under the Act to assist the Company with the Rail Service Project (as defined below) is appropriate.

Section 2. That the ORDC approves the proposed assistance to the Company, the nature, amount and terms of which are summarized in Exhibit "A" attached hereto.

Moved By _____
Seconded By _____

Upon roll call, the vote resulted as follows:

Jolene M. Molitoris, Chairwoman	____	yes	____	no	____	absent	____	abstained	____ recused
Howard Wood for James G. Beasley	____	yes	____	no	____	absent	____	abstained	____ recused
Barbara Hammontree Bennett	____	yes	____	no	____	absent	____	abstained	____ recused
Kimberly Gibson for Lt Gov Fisher	____	yes	____	no	____	absent	____	abstained	____ recused
Solomon Jackson	____	yes	____	no	____	absent	____	abstained	____ recused
Thomas McOwen	____	yes	____	no	____	absent	____	abstained	____ recused
Larry Sowers	____	yes	____	no	____	absent	____	abstained	____ recused
Herk Wolfe	____	yes	____	no	____	absent	____	abstained	____ recused
Daniel Roberts	____	yes	____	no	____	absent	____	abstained	____ recused
James Hartung	____	yes	____	no	____	absent	____	abstained	____ recused

ORDC ACTION: Motion approved _____ Other action _____
Motion denied _____ Date 1/16/2008

CERTIFICATE

I, the undersigned Chairwoman of the ORDC, hereby certify that the foregoing is a true and correct record of the resolution of said ORDC.

_____ 1/16/2008
Jolene M. Molitoris, Chairwoman Date

EXHIBIT A

A grant in an amount of up to Two Hundred Thousand Dollars ($200,000) (the "ORDC Grant") for the purpose of rebuilding 1,750 feet of an out of service lead track and building a new 800 foot long storage track along the an out of service lead to serve the Company's Case Farms feed mill in Massillon (the "Rail Service Project") as defined herein pursuant to Section 4981.032 of the Ohio Revised Code at the Company's location in the City of Massillon, Stark County, Ohio.

The ORDC Grant is subject to the following conditions:

1. The Company must meet all standard ORDC program requirements, including any applicable prevailing wage provisions, in expending ORDC funds.

2 The Company shall create 200 jobs and generate 350 rail cars per year within three years of the Rail Service Project's completion.

3. The Company, the Massillon Development Foundation, or The Wheeling & Lake Erie Railway shall provide ORDC with a written commitment evidencing responsibility for all off site rail maintenance.

4. The Company shall demonstrate to the satisfaction of the ORDC that there is no deficiency of monies necessary to complete the Rail Service Project.

5. Unless the above conditions are met, no ORDC funds shall be encumbered for the Rail Service Project, and if the above conditions are not met before April 15, 2008, ORDC will not consider funding the Rail Service Project until FY 2009, which begins July 1, 2008.

MEMORANDUM
January 2008

TO: ORDC Commissioners
FROM: Matthew Dietrich
SUBJECT: Executive Director

This document reflects the accomplishments and highlights of the Ohio Rail Development Commission since the November Commission Meeting

- OUTREACH: I had the opportunity to meet with Senator Austria, the new Chair of the Senate Transportation Committee. Additionally, as a result of the work of the Panhandle Handle Long Term Lease Committee, staff has brought together a variety of interests including the Ohio Railroad Association, Ohio Rail Tourist Association, the Convention and Visitors Bureau, ODOD Division of Travel and Tourism and the Ohio to Erie Trail and Rails to Trails to discuss the common interests of liability for a variety of non-freight rail uses of freight rail corridors.
- PROJECT DEVELOPMENT: As an update to our last meeting, staff has issued the guidance for our solicitation for rail rehabilitation projects. (A copy of the packet is attached). The program guidance for ODOD's Diesel Emissions Reduction Grant (DERG) was issued on January 7, 2008. ORDC has been working with Ohio EPA to better understand the eligibility of rail projects in this program and getting the information to railroads. While there is no specific role of the ORDC in this program, ORDC has offered its willingness to assist any interested railroad wishing to apply for these funds.
- STRATEGIC PLANNING: Thanks to Howard Wood at ODOT, ORDC has begun develop a strategy to determine the existing rail data available at ODOT and what is needed to progress the data "wish list" of the ORDC. ORDC is actively participating in the Governor's Energy Task Force.
- SAFETY: At the request of the Federal Highway Administration Ohio Division, I have agreed to chair a subcommittee on grade crossing safety for the State's Comprehensive Highway Safety Task Force.
- PASSENGER PLANNING: Staff is continuing its efforts to forward requests for Congressional allocations for the Ohio Hub's first tier environmental clearance or PEIS. This is an item of discussion in the work plan. In December, members of ORDC met with Amtrak to discuss the possibility of startup corridor service in Ohio.
- EXCURSION SERVICE: In an on-going effort, the ORDC has offered the former Buckeye Scenic Railroad, now the Zanesville & Western (Z&W), a lease to store its cars on the unused state-owned Glassrock Branch of the Ohio Southern line. This lease will be a short-term lease. The hope of the Z&W is to develop a long term scenic operation on the state line.
- Legislative Report (Presentation at the meeting).

Ohio Rail Development Commission

50 West Broad Street, Suite 1510, Columbus, Ohio 43215
614-644-0306 (telephone) • 614-728-4520 (fax) • www.dot.state.oh.us/ohiorail

January 7, 2008

To: Ohio Railroads

Dear :

The Ohio Rail Development Commission (ORDC) invites you to submit projects to be considered for grant and loan funding under the ORDC's Rail Line Rehabilitation Program. ORDC will consider spending up to $1,000,000 in grant funds from its FY 2008 budget on qualifying track rehabilitation projects.

Below is the expected timing of ORDC's project prioritization and selection process for our FY - 2008 Rehabilitation grant program:

Application Information Mailed Out	**January 7, 2008**
Completed Funding Application Due at ORDC	**January 31, 2008**
Staff Recommendations Sent To Commissioners	**February 29, 2008**
Commissioners Review Staff Recommendations	**March 13, 2008 Meeting**
Contracts for Approved Work Executed by:	**April 11, 2008**
Projects Performed	**April – December, 2008**

ORDC will consider requests for **emergency** grant funding at any time. In the past, ORDC has considered emergency conditions to exist when bridges and tunnels have failed, or when flooding has caused significant wash outs. Additionally, ORDC will accept loan applications at any time while funds remain available. Currently ORDC has approximately $1.1 million in loan funding available. The grant funding requests to be submitted by January 31, 2008 may also contain related requests for loan funding.

Included herein are the following:

* ORDC's Application Packet
* ORDC's Rehabilitation Program Summary
* A Sample of the "Project Inputs" Spread Sheet Used For Project Prioritization

In order for ORDC to consider your application for grant or loan funding, you must provide the following: a completed application packet with all forms signed and all of the relevant, available information listed on the Rehabilitation Program Summary sheet. Further, this information must be received at ORDC, or be post marked on or before January 31, 2008 to be considered.

Projects will be evaluated based on the public benefits of the project not on how bad of condition the track is in. Please provide all the information that is listed on the Rehabilitation Program Summary sheet and feel free to point out other public benefits which may not be requested on that sheet. Further, projects will be evaluated by how much the railroad has invested in the past for track upkeep compared to the profitability of the line. Therefore, the net revenue per mile and track investment per mile information is critical.

You may resubmit applications provided to ORDC in the past. Please provide a cover letter for resubmitted applications noting what changes, if any, apply. Further, if you are submitting multiple applications please prioritize your proposed projects.

ORDC may be in the position to maintain the confidentiality of certain proprietary and/or financial information which you provide to us. Towards assisting ORDC with such classification, please clearly mark "CONFIDENTIAL" on information you consider to be confidential.

ORDC understands that you may have questions about the precise nature of the information we are requesting. Our interest in getting complete applications is to be able to best evaluate how one project compares to another. We have no interest in eliminating projects from consideration because the applications do not fit exactly onto our forms and spread sheets. Lou Jannazo of my staff is available to help answer any questions you may have about this process. He can be reached directly by phone at (614) 644-0309 or by e-mail at <Lou.Jannazo@dot.state.oh.us>.

I appreciate your hard work in providing the information requested and look forward to receiving your applications.

Sincerely,

Matthew R. Dietrich
Executive Director

Enclosures (3)

ACCOMPLISHMENTS REPORT
PLANNING, PROJECT DEVELOPMENT, AND TRACK/FIELD INSPECTIONS
November 3, 2007 to January 2, 2008

PLANNER	DEVELOPMENT SPECIALISTS
Don Damron	**Lou Jannazo**
	Bev Lee

TRACK INSPECTION

- Inspection trip/field survey proposed new MGQ spur track for aggregate load out.
- Inspection trip/field survey of proposed new rail spur for Century Plastics on Y&SE in Columbiana

ADMINISTRATIVE

- Continued staffing new Commission sub-committee on the Panhandle lease; produced another iteration of the draft 25 year lease; produced a White Paper on principles behind the various articles of the proposed lease; met with sub-committee, C&OR, and others on lease issues; and various other tasks such as internal meetings and reviews of documents and minutes.
- Helped prepare agendas and briefing packets for January 16, 2008 meeting.
- Developed Power Point presentations for January 16 meeting.
- Updated contract and contract amendment tracking system to keep better account of various EPA and Taxations clearances and the contracting process.
- Developed grant agreements for projects approved at November meeting.
- Did grant agreement amendments to extend time for select projects and to reflect changes in scopes of work and termination dates.
- Did OEPA and Ohio Taxation background checks on November grant recipients.

TRAINING

- Bev and Lou attended Power Point training to be better able to present power points at Commission meetings.

FREIGHT PROJECT DEVELOPMENT AND IMPLEMENTATION

New Project Development/Continued Project Development

- Developed the letter and information packet needed to solicit track rehabilitation projects for this construction season. Letter informed all Ohio railroads, as well as public owners of railroads, that ORDC seeks $1 million in track rehabilitation projects.
- Finalized the Case Farms and MGQ spur projects to be presented at the January meeting.
- Began investigations into new spur projects including Century Plastics in Columbiana on the Y&SE line and a confidential spur project on the Panhandle.
- Continued working with shippers (Bunge, D&D Ingredients, National Lime and Stone), local Delphos area officials, and RailAmerica, to improve rail logistics for the shippers and the community via crossing closures and new rail connections.
- Continued working with W&LE, Carroll County, rail line shippers, and others on getting the Carrollton Branch repaired. Track repair project with $250,000 in ORDC grant funding will be presented to Commission in March.

- Continued working with Akron Metro (owner of line), US Rail (current proposed operator of the line) and NS (interchange partner) on potential reactivation of the Cuyahoga Falls to Hudson line. A basic start up could be to serve one steel processor in Hudson via a connection to NS in Hudson.
- Continued assisting with CSX North Baltimore "Block Swap" Yard project.

PASSENGER PLANNING

Ohio Hub

- Continued working on refining the scope of work for the proposed Programmatic Environmental Impact Study (PEIS) for various corridors.
- Continued working on efforts to obtain federal earmarks for the PEIS.
- Reviewed provisions of new S 294 federal legislation which authorizes funding for new corridor development.
- Continued work and coordination with other states and railroads on Ohio Hub Study.
- Continued with various meetings and presentations on Ohio Hub plan including presentation to theYoungstown MPO.

Amtrak

- Helped orchestrate a meeting among Amtrak, the Governor's office, ODOD, & All Aboard Ohio about investigating possible new Amtrak start up service in the Cleveland – Columbus or Cleveland – Columbus – Cincinnati corridor or other corridors.

Other Passenger Initiatives

- Continued coordination with the MWRRI study effort by participating in meetings and calls.
- Continued investigating passenger station development issues and attended passenger station development conference in Pittsburgh.
- Continued supporting local efforts to develop passenger service, particularly in west Cleveland.
- Kept abreast of passenger issues in across Ohio and nationally through participation in the States for Passenger Rail.

Excursion Services:

- Continued working with Buckeye Central Scenic on short term lease to store its excursion equipment on the ORDC owned Glass Rock branch.

OTHER PLANNING INITIATIVES

- Helped develop an outline of a rail planning effort to provide a basic inventory of Ohio rail services and an economic development "Turn Around Ohio" rail project development survey/action plan.

MISCELLANEOUS

- ***Liability Task Force:*** Participating in special, informal task force to investigate ways to address the liability problems presented by excursion/tourist operations, commuter operations, and trails with rails. Conducted survey of other state DOT's to look at best

practices.

- ***Diesel Retrofit:*** Coordinating with ODOD, OEPA, and ODOT on a new "Diesel Emissions Reduction Grant – Diesel Retrofit" program being run by ODOD. The State Legislature mandated that $20 million in ODOT Congestion Mitigation and Air Quality funds be used by ODOD and OEPA for diesel retrofits of trucks, busses, locomotives or other diesel machinery. ORDC helping to get railroad involvement. (Note, private companies not now eligible but changes to rectify this problem should be worked out via legislation or other means very soon.)

- Helped orchestrate the ODOT District 11 repair of two crossing surfaces (SR 43 and SR 164) on the ORDC owned Piney Fork line. ORDC paid for materials, and ODOT District 11 performed the work. Ohi-Rail helped supervise work and disposed of waste ties and materials.
- Drafted new ORDC – Ohi-Rail "Right of First Refusal" agreement to continue the ORDC's right to access and purchase (under certain circumstances) track which Ohi-Rail owns that stands between the ORDC owned Piney Fork line (Minerva to Hopedale) and interchanges with NS in Bayard and W&LE in Minerva.

SAFETY

- Did Operation Lifesaver presentations at Marysville elementary school.
- Proposed crossing closures in East Canton on W&LE Carrollton Branch. Attended Village Council meeting to promote closures. East Canton Village Council has no interest at all in closing crossings despite incentives offered which included active warning devices at a passive crossing and new crossing surfaces.
- Drafted closure subsidy agreement for Safety Section for closure of two alley crossings in Carrollton on W&LE Carrollton Branch. As part of Carrollton line rehabilitation project, Village of Carrollton will close the alleys in exchange for active warning devices at Main Street in Carrollton, which is also SR 39. Main St./SR 39 is currently a passive crossing.

WPDOCS/AccomplishmentsCommission

MEMORANDUM
January 16, 2008

TO: ORDC Commissioners

FROM: Megan McClory

SUBJECT: Finance Report

Accomplishments and Highlights of the Finance Section from November 8, 2007, to January 16, 2008:

1. Financial Statements prepared to reflect current outstanding loans, revenue collection, and project balances.

2. The Executive Director entered into a contract with Capital Partnerships, LLC in the amount of $4,635 for the period of January through March of 2008. The Contractor will, as directed, serve as a public affairs consultant with members of the General Assembly, the Administration, Federal officials, and statewide stakeholders; advise ORDC and the Governor's Washington Office on Congressional and Federal administrative activity impacting ORDC; provide regular updates on pertinent legislation for Commission meetings; assist in statewide stakeholder development for advancement of Ohio Hub; serve as a spokesperson on behalf of ORDC passenger and freight projects; and perform other related duties as assigned.

3. A three-party agreement was completed between Buckingham Coal Company, Norfolk Southern, and ORDC in order to facilitate the construction of a rail spur/grade crossing at Buckingham's mines in Perry County. The Commission had resolved to support the project and be the recipient of federal funds through the Appalachian Regional Commission in July of 2006. Upon completion of the three-party agreement, staff completed and submitted an application to the ARC to release the Congressional allocation of $495,000.

4. The ORDC's loan to Greater Ohio Ethanol ($1,000,000) has now been fully disbursed.

5. The Cloverleaf Cold Storage loan ($328,000) from FY 2003 was fully repaid in December.

6. The first Heartland Corridor invoices have been received and approximately $200,000 is being disbursed the week of January 7.

7. Susan Arduini, Gloria Howard, and Evelyn Winkfield have been very helpful in educating me on my role and responsibilities. Their assistance and patience is greatly appreciated.

OHIO RAIL DEVELOPMENT COMMISSION: January 2008 Finance Report

GRF APPROPRIATION AVAILABLE FOR PROJECTS AND PERSONAL SERVICE CONTRACTS			
GRF APPROPRIATION FOR PROJECTS		**2,787,243**	
LESS: PROJECTS ENCUMBERED or DISBURSED			
TMACOG - Freight Conference	**5,000**		
WLE Carrolton Branch Tunnel Clearance	**150,000**		
LESS: PROJECTS APPROVED BUT NOT ENCUMBERED			
Trotwood - Auto Logistics Project	**200,000**		
TOTAL	*355,000*	*-355,000*	
PROPOSED GRF COMMITMENTS FOR FY 2008			
Case Farms Lead Track Rehab	**200,000**		
Track Rehabilitation Program	**1,000,000**		
TOTAL	*1,200,000*	*-1,200,000*	
BALANCE OF GRF APPROPRIATION FOR PROJECTS		***1,232,243***	
GRF APPROPRIATION FOR PERSONAL SERVICE CONTRACTS		**49,796**	
Highway-Railroad Safety Consulting, LLC	15,000		
Capital Partnerships, LLC	1,545		
Capital Partnerships, LLC	7,725		
Capital Partnerships, LLC	4,635		
TOTAL	*28,905*	*-28,905*	
BALANCE OF GRF APPROPRIATION - PERSONAL SERVICE CONTRACTS		***20,891***	
RAIL FUND 4N4 - REVOLVING LOAN FUND			**5,210,761**
LESS: OPEN ENCUMBRANCES	2,310,000		
LESS: PANHANDLE RESERVE FUND	764,400		
TOTAL	*3,074,400*		*-3,074,400*
FISCAL YEAR 2008 APPROPRIATION		**2,111,500**	
LESS: PROJECTS ENCUMBERED or DISBURSED			
GOE Lima, LLC	**1,000,000**		
LESS: PAYROLL FROM LOAN AND LICENSE FEES (Budgeted)	174,424		
LESS: PROPOSED COMMITMENTS FOR FY 2008			
MGQ Unit Train Siding	**300,000**		
TOTAL	*1,474,424*	*-1,474,424*	*-1,474,424*
APPROPRIATION BALANCE OF FUND 4N4 AVAILABLE FOR PROJECTS		***637,076***	
CASH BALANCE OF FUND 4N4 AVAILABLE W/CONTROLLING BOARD APPROVAL			***661,937***
TOTAL ORDC FUNDS AVAILABLE FOR PROJECTS - FY 2008			**1,919,115**

Ohio Rail Infrastructure Financing Options

Status	Funding Mechanism	Description	Benefits	Drawbacks
Currently in Use				
	Grants	State GRF funds used for grants to railroads, rail customers, or public entities for rail-related capital projects.	Broad applicability of funds.	ORDC competes with other statewide funding priorities.
	Loans	State loan funds for loans to railroads, rail customers, or public entities.	Repayment stream can be used for future projects. Broad applicability of funds.	Due to size of the fund, large and long-term loans are precluded. Projects require a repayment stream.
	Certificates of Participation (COPs)	Long-term financing arrangement used to purchase the Panhandle Line. This option is specific to the Panhandle Line.	N/A. Future projects would likely qualify under ORDC's independent bonding authority.	ORDC must maintain a reserve in case the operator fails to make a debt service payment. This reserve reduces the amount of the loan fund that is available for projects. Only beneficial for large projects. An adequate repayment stream must be available.
	Congressional allocations	Utilize federal grant funding for specific projects. Existing allocations have come through the Appalachian Regional Commission and the Department of Housing and Urban Development.	Ability to address specific projects.	Dependent on Ohio delegation's ability to obtain allocations. Uncertain federal funding levels & timeline. Local match requirements.

Rail Infrastructure Financing Options

Status	Funding Mechanism	Description	Benefits	Drawbacks
Existing, Unused				
	ORDC Independent Bonding Authority	ORDC can issue stand-alone bonds for rail infrastructure projects.	Ability to finance large projects (beyond the capacity of the loan fund) with longer repayment terms.	An adequate repayment stream must be available. Benefit/value of the bonds depends on the strength of the revenue stream, the collateral, and/or the rated reserve within ORDC. Start-up (issuance) is administratively & legally complex and potentially expensive.
	Diesel Emission Reductions	The FY2008-09 Operating Budgets sets aside $20 million in federal CMAQ funds for diesel emission reduction grants (expected to largely be retrofit projects).	Improved efficiency of locomotive fleet.	Projects will be limited to the scope of the federal CMAQ program.
	ODOT eligible federal funds (CMAQ, Transportation Enhancement)	Congestion Mitigation & Air Quality (CMAQ) funds are for projects that improve air quality or reduce congestion in areas where there are (or have been) air quality problems. Transportation Enhancements funds are for projects that rehabilitate historic buildings and structures (including depots, bridges, tunnels).	Use ORDC funds to leverage federal funds.	Competition with other ODOT priorities. Limitations imposed by federal programs.
	State Infrastructure Bank	Utilizes state and federal funds to make loans for transportation infrastructure projects. Utilization of this option is being examined for safety projects.	Loans have repayment periods up to 10 years.	The funding available is limited. An adequate repayment stream must be available. Borrowing is limited to public entities.

Rail Infrastructure Financing Options

Status	Funding Mechanism	Description	Benefits	Drawbacks
	Railroad Rehabilitation & Investment Financing Program (RRIF) (Federal)	Federal loans and loan guarantees for railroad infrastructure. Evaluation criteria include safety enhancement, project significance, environmental improvements, and improvement to the railroad transportation system.	Loans can be for large amounts and have repayment periods up to 25 years.	An adequate repayment stream must be available.
	Transportation Infrastructure Finance and Innovation Act Program (TIFIA) (Federal/FHWA)	Federal loans, loan guarantees, and standby letters of credit to improve the surface transportation system. Authorized in SAFETEA-LU (through 2009).	Loans can be for large amounts and have repayment periods up to 35 years.	An adequate repayment stream must be available. Loans may not exceed 33% of the eligible project costs.

Rail Infrastructure Financing Options

Status	Funding Mechanism	Description	Benefits	Drawbacks
Potential				
	Enterprise Bond Fund	Partner with ODOD to use ORDC's revolving loan fund as leverage for enterprise bond issuances.	Further leverage of revolving loan fund to do larger projects. Provides financing of up to 20 years.	Only for large projects, ties up some cash in revolving fund.
	State capital bill allocation	Utilize state long-term financing for projects of a capital nature. Potential uses include a replacement of GRF grant funding for future fiscal years, repayment of outstanding COPs, or capital improvements to state-owned assets.	Easing reliance on GRF for grant program.	Projects would need to meet capital funding requirements. Need to request funding from OBM (i.e. compete against other statewide capital needs).

Ohio Rail Development Commission

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MEMORANDUM
January 16, 2008

To: Ohio Rail Development Commissioners
From: Jolene M. Molitoris, Chairwoman

It is a new year and a new opportunity for ORDC! Thank you for spending time with me recently to share your ideas regarding ORDC's priorities and action plan for 2008. Many of the themes you raised resonated among you.

- Focus on a systems approach to Ohio's rail initiatives;
- Freight: pursue more resources for rail freight investments;
- Passenger: find resources and opportunities to incrementally implement the Ohio Hub Plan;
- Engage each commissioner in attaining ORDC's goals;
- Emphasize economic development benefits in ORDC initiatives;
- Strengthen and expand ORDC's public and private partnerships;
- Continue to strengthen ORDC's safety program; and
- Communication: assure clarity, transparency, timeliness, consistency, and a balance between conciseness and comprehensiveness.

Based on your input, vision and ideas, the following 2008 ORDC action plan draft is offered for your review. If you would e-mail any comments, additions, changes by Monday, January 14, we will incorporate them into the 2008 ORDC Action Plan to be discussed at the commission meeting. Also, please indicate which of the four committees (Legislative, Human Resources, Economic Development and Budget/Fiscal) on which you would like to serve.

Feel free to contact Matt or me if you wish to personally discuss any related matters. Thank you for your cooperation. I look forward to seeing you at the January 16th meeting.

Jolene

Ohio Rail Development Commission

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2008 Action Plan Draft

1. Federal/State Initiatives: Seek action to obtain resources for ORDC rail infrastructure investment

2. Ohio Hub: Pursue Federal Funding for the required environmental (NEPA) work of the Ohio Hub.

3. Amtrak Start-up Service: Explore opportunities for Amtrak Start-up Service in Ohio. This work would build on the work of the Ohio Hub by combining the long term vision of a fully developed passenger rail system in Ohio as described in the Ohio Hub and the incremental corridor approach of Amtrak's state-sponsored Corridor Trains.

4. State Rail Strategy/Plan: Develop a State Rail Strategy/Plan integrating several efforts such as identification of existing data, progression of previous efforts like the ODOT Chokepoint Study; new efforts such as a shipper and railroad-based economic development survey to provide a snap shot of what users expect/need/wish from the state's rail infrastructure; and potential capacity modeling of the rail network at some level.

5. Capital Bill: Explore Capital Bill opportunities for rail infrastructure projects. ORDC has not used the State Capital Bill for rail projects in the past. The concept presented is that the Commission authorizes staff to develop a multi-tiered capital request to OBM for consideration.

6. ORDC Safety Program: Continue Ohio's strong commitment to ORDC's Safety Programs working with ODOT, PUCO, Railroads and other interested parties to continually look for ways to improve the delivery of safety projects to the public.

7. Outreach/Communication: It will be a priority of the Commission to communicate in a clear, transparent, timely, concise and comprehensive way with all of our partners and constituents.

8. Formation of Commission Committees: Legislative, Human Resources, Economic Development and Budget/Fiscal.